

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6008

BILL NUMBER: SB 6

NOTE PREPARED: Oct 21, 2004

BILL AMENDED:

SUBJECT: Unemployment compensation waiting period.

FIRST AUTHOR: Sen. Simpson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill eliminates the waiting period for unemployment benefits.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The elimination of the one-week waiting period for unemployment compensation will have an impact on the total amount of Unemployment Insurance Benefit Trust Fund benefits paid. The impact depends on the number of claims that do not exhaust their benefits and the average benefit of those claims. Between October 2003 and September 2004 there were 116,000 claims, and from October 2002 to September 2003 there were 117,000 claims that did not exhaust their benefits. The average weekly benefits were \$258 for the claims between October 2003 and September 2004. The maximum weekly benefit increases by 12.07% from FY 2004 to FY 2006. Assuming the individuals would have received one additional week of benefits, the impact would be about \$33.7 M $((116,000+117,000)/2*258*1.1207)$.

Background: The balance in the Unemployment Insurance Benefit Fund as of June 30, 2004, was about \$692.4 M, and benefits paid were about \$741.1 M.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on a local unit of government will be as an employer. Depending on the experience of the fund and the local unit, rates might increase in the future.

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development and all State Agencies.

Local Agencies Affected: All.

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